

# ATTACHMENT B

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION  
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT  
SECURITIES LLC,

Defendant.

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In re:  
BERNARD L. MADOFF,

Debtor.

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IRVING H. PICARD, Trustee for the Liquidation of  
Bernard L. Madoff Investment Securities LLC,

Plaintiff,

v.

ROBERT F. FERBER,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

Adv. Pro. No. 10-04562 (SMB)

**EXPERT REPORT OF  
MATTHEW B. GREENBLATT, CPA/CFF, CFE  
SENIOR MANAGING DIRECTOR  
FTI CONSULTING, INC.**

**PRINCIPAL BALANCE CALCULATION  
AS APPLIED TO  
ROBERT F. FERBER**

**June 5, 2019**

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## I. INTRODUCTION

1. As described in my Expert Report regarding the Methodology for the Principal Balance Calculation dated November 15, 2012 (the “Principal Balance Calculation Report”), FTI Consulting, Inc. (“FTI”) was retained by Baker & Hostetler LLP, on behalf of the Trustee, to, among other things, reconstruct the books and records of BLMIS. I am a Senior Managing Director at FTI. Additional information regarding my professional experience and recent testimony is included in my Curriculum Vitae annexed hereto as **Exhibit 1**.

2. As part of FTI’s reconstruction of the books and records of BLMIS, chronological listings of all cash and principal transactions for every BLMIS customer account were compiled. These chronological listings provided the foundation to calculate every BLMIS account holder’s principal balance on a daily basis for all dates from April 1, 1981 through December 11, 2008 (the “Principal Balance Calculation”).

3. The Principal Balance Calculation Report explains the methodology of the Principal Balance Calculation and describes the relevant documents and data that were maintained by BLMIS. Accordingly, this report should be read in conjunction with the Principal Balance Calculation Report.<sup>1</sup>

4. This report specifically applies the methodology of the Principal Balance Calculation to the BLMIS account associated with Robert F. Ferber (the “Defendant”), in the above-captioned litigation, and provides a description of the cash and principal activity in the BLMIS account impacting the Principal Balance Calculation for BLMIS Account 1CM524 (the “Ferber Account”).

5. This report has been prepared in connection with the above-captioned litigation and is to be used only for the specific purposes of this lawsuit. It is not to be used for any other purpose without the express written consent of FTI. If called upon to testify in this matter, I intend to provide testimony regarding my analyses and conclusions consistent with this report. FTI is being compensated at a rate of \$670 per hour for my professional time incurred in performing the work necessary to prepare this report. FTI’s fees are not contingent on the conclusions reached in this report or the outcome of the above-captioned litigation.

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<sup>1</sup> The opinions that I render in the Principal Balance Calculation Report, the documents that I considered in connection with that Report, and the accompanying Exhibits to that Report, are all incorporated by reference. All capitalized terms not defined herein shall have the meaning ascribed to them in the Principal Balance Calculation Report.

6. The documents and data that I considered in connection with this report are listed in **Exhibit 2**. I reserve the right to supplement my report based on any additional documents or information received.

## **II. DESCRIPTION OF ACTIVITY IN THE FERBER ACCOUNT AND THE TRANSACTIONS IMPACTING THE PRINCIPAL BALANCE CALCULATION**

7. The Ferber Account was opened with BLMIS beginning in March 1998. Throughout its account history, the Ferber Account had a total of five cash deposit and withdrawal transactions.

8. The cash deposit and withdrawal transactions all impacted the Principal Balance Calculation for the Ferber Account. Each of these transactions was reflected on the Customer Statements between March 1998 and November 2008.

9. **Exhibit 3** to this report (Summary Schedule of Cash and Principal Activity in the Ferber Account) provides a summary of the activity in the Ferber Account.

10. **Exhibit 4** to this report provides the Detailed Schedule for the Principal Balance Calculation for the Ferber Account.

11. On March 17, 1998, the Ferber Account was opened with a cash deposit via wire in the amount of \$1,250,000, all representing principal.

12. Subsequent to this initial cash deposit, there was one additional cash deposit via wire into the Ferber Account in the amount of \$600,000, all representing principal.

13. In sum, these two cash deposits provided the Ferber Account with a total of \$1,850,000 of principal. (See **Exhibit 3**.)

14. Between March 17, 1998 and December 11, 2008, the Ferber Account reflected a total of three cash withdrawals totaling \$3,500,000.

15. The Principal Balance Calculation for the Ferber Account demonstrates that between March 17, 1998 and December 11, 2008, \$3,500,000 was withdrawn from BLMIS, which consisted of \$1,850,000 of principal and an additional \$1,650,000 of funds withdrawn in excess of principal, representing fictitious profits. The \$1,650,000 of fictitious profits was withdrawn within the two-year period prior to December 11, 2008. (See **Exhibit 4** for the Detailed Schedule for the Principal Balance Calculation for the Ferber Account.)

**III. SIGNATURE AND RIGHT TO MODIFY**

16. This report and the exhibits contained herein present my findings and the bases thereof. To the extent that any additional information is produced by any party, I reserve the right to incorporate such additional information into my report or to modify my report as necessary.

Respectfully submitted,



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Matthew B. Greenblatt, CPA/CFF, CFE  
Senior Managing Director  
FTI Consulting, Inc.

Dated: June 5, 2019

**IV. LIST OF EXHIBITS**

**Exhibit 1** – Curriculum Vitae and Testimony of Matthew B. Greenblatt

**Exhibit 2** – Documents Considered

**Exhibit 3** – Summary Schedule of Cash and Principal Activity in the Ferber Account

**Exhibit 4** – Detailed Schedule for the Principal Balance Calculation for the Ferber Account